OMVIC

2009 ANNUAL REPORT
2010 BUSINESS PLAN

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Profile

The Ontario Motor Vehicle Industry Council (OMVIC) is responsible for administering the *Motor Vehicle Dealers Act* (MVDA) – a public protection statute – on behalf of the Ministry of Consumer Services. OMVIC's mandate is to maintain a fair, safe and informed marketplace in Ontario by protecting the rights of consumers, enhancing industry professionalism and ensuring fair, honest and open competition for registered motor vehicle dealers. OMVIC's adherence to these ideals is reflected in its mission statement.

OMVIC Mission Statement

We will take pride in the results of our commitment to a fair marketplace, achieved through innovation, enforcement and excellence in service.

Ontario's motor vehicle dealer industry was previously regulated by the Ministry of Consumer and Commercial Relations (now the Ministry of Consumer Services). OMVIC's creation on January 7, 1997 marked the first regulated business sector to move to self-management. OMVIC is non-profit and governed by a 12-member Board of Directors. Sixty-seven staff members, a number of whom work from regional home-based offices, provide OMVIC's services.

Registration with OMVIC is mandatory for Ontario's motor vehicle dealers and salespersons.

OMVIC's Priorities Are:

- Consumer Protection
- Dealer Professionalism
- Customer Service

OMVIC's Ongoing Objectives:

- Consumer protection through pursuit of those who would prey on an unwary public
- Increased consumer confidence through compliance activities and complaint handling
- Consumer awareness through dissemination of information concerning consumer rights via public information and awareness programs
- Dealer professionalism through certification programs for new dealers and salespersons
- Increased accountability through administration of a Code of Ethics, Standards of Business Practice and an open disciplinary process

OMVIC's Code of Ethics for Ontario's registered motor vehicle dealers

Integrity	Conduct our activities with honesty, fairness and financial responsibility.
Disclosure	Communicate all material facts and ensure our products and services are fully understood.
Marketing	Guard against using any form of misleading advertising or innuendo in marketing our products and services.
Accountability	Fulfill all contractual obligations promptly and completely and resolve legitimate claims without delay.
Compliance	Abide by all applicable laws and regulations and never knowingly do business with those operating outside these laws.
Competition	Ensure fair and open competition and refrain from unjustly attacking competitors, their products and services, or their business methods.
Professionalism	Enhance our professional knowledge, skills and competencies throughout our careers.
Respect	Treat all people with equality and respect, regardless of gender, age, race or religion.
Confidentiality	Hold all personal and financial information we receive in the strictest confidence.
Environment	Remain committed to a healthy coexistence with our environment.

Message from the President and Chair of the Board

Honourable Sophia Aggelonitis
Minister of Consumer Services

6th Floor, Mowat Block
Queen's Park
900 Bay Street
Toronto, Ontario
M7A 1L2

Dear Minister Aggelonitis,

I am pleased to present the 2009 Annual Report and 2010 Business Plan for the Ontario Motor Vehicle Industry Council (OMVIC). For many dealers in Ontario, 2009 presented significant challenges. The auto industry took a direct hit as the economic downturn began to unfold. Despite being cautiously optimistic that both jobs and dealerships across Ontario and Canada would be spared, this was not the case. By year's end, a number of dealers had ceased operations – dealers who were often important members of their communities by providing employment, supporting local sports teams and creating friendships that went beyond the business of selling vehicles.

Despite upheaval and uncertainty in the industry, registrants were still required to turn attention to the new *Motor Vehicle Dealers Act* (MVDA) in preparation for the 2010 launch. New classes of registration, new disclosure requirements and new bills of sale were just a few of the changes expected.

To accommodate the needs of its registrant base, OMVIC conducted a series of information sessions throughout Ontario in both the spring and fall of 2009. The sessions outlined changes to the *Act* and provided a forum for question and answer periods. To support these sessions, OMVIC created web-based learning materials and supplemented these with bulletins and newsletters. Registrants responded well, and it would be fair to say the transition to the new *Act* has been smooth.

Beyond registrant education, OMVIC staff were involved in a number of other projects to prepare for the launch, including revision of forms, policies and procedures for OMVIC and the Motor Vehicle Dealers Compensation Fund; intensive staff training for both the *Act* and new technology systems; revision of web content; and assembly and training of the Discipline Committee, to name a few. The business accomplishments outlined in this annual report will provide a better look at these and other activities handled throughout 2009.

As noted in the 2010 – 2012 Business Plan, OMVIC will continue to review and fine-tune policies and procedures now that the new *Act* is in place. Further registrant education is planned and the Council will also place a focus on ensuring consumers are aware of their rights. Consumers were provided with an introduction to the *Act* thanks to news coverage in January, but strategic communications plans for 2010 will develop consumer awareness of the new MVDA and the provisions it provides.

On behalf of OMVIC's Board of Directors, I thank the Ministry and its staff for the ongoing collaboration that has taken place over the past several years and throughout the implementation period of the *Motor Vehicle Dealers Act*.

Meredith Morris
President and Chair
Sudbury Hyundai

Message from the Registrar

Honourable Sophia Aggelonitis
Minister of Consumer Services

6th Floor, Mowat Block
Queen's Park
900 Bay Street
Toronto, Ontario
M7A 1L2

Dear Minister Aggelonitis,

Despite 2009 being a period of planning and preparation for the launch of the new *Motor Vehicle Dealers Act* (MVDA), I am pleased to report OMVIC was able to develop and execute a number of other projects, including the implementation of a strategic communications plan.

The "Buy With Confidence" campaign launched in the fall of 2009. Its strategies included driving consumers to Ontario-registered dealers and to look for the blue and yellow dealer window decal, identifying curbsiders and how to avoid them, raising general awareness of potential vehicle-buying issues and continuing to raise awareness of OMVIC and its role as a regulator.

To start, registered dealers were provided with point-of-sale kits that included window decals, a letter of introduction, background on the campaign and an invitation to dealers to participate by posting their decals, as well as a copy of OMVIC's education video, *Know Your Ride.*

Once decals were placed, an advertising campaign launched driving consumers to "Ontario-registered" dealers (who are now identified by their decals). Online, print and radio ads ran throughout the province, and an out-of-home campaign was also tested in the GTA through transit shelter ads that were geo-targeted to neighbourhoods with high dealership density. Ads directed consumers to BuyWithConfidence.ca, a new website providing consumer tips and information.

Other tactics included stories published through News Canada, and traditional and audio news releases to support the campaign. Total media impressions reached 115 million.

Also important to note for 2009 is OMVIC's success with its curbsider investigations. More than 1,500 charges are laid by OMVIC annually, and the past year saw a number of significant fines ranging from $5,000 to $36,000. Two six-month jail terms were also handed down by the courts. Work completed in 2009 also led to a curbsider conviction in early 2010. In this case, the maximum one-year jail term (under the previous MVDA) was handed down along with a $375,000 fine.

Despite the significant training time required for the implementation of the new *Act*, other levels of service for 2009 were also maintained and include: completion of 2,837 dealer inspections; 1,562 active complaint files; 1,158 Registrar's actions (includes proposals to refuse and revoke and the number of terms and conditions imposed); and the processing of 19,000 registrant renewals.

Carl Compton
Executive Director and Registrar

Business Accomplishments

CONSUMER PROTECTION

Strategy	2009-2011 Targets	2009 Activities and Results
Implementation of strategic communications plan to increase consumer awareness by providing an understanding of consumer rights and responsibilities when purchasing or leasing vehicles.	Promote and evaluate use of *Know Your Ride* in Ontario high schools and driver education programs.	As part of its high school tour series, Toronto Crime Stoppers distributed lanyards and USB keys to students. OMVIC's logo was included on lanyards and *Know Your Ride* was loaded to USBs for students to watch. Each Ontario-registered dealer received a point-of-sale kit that included a copy of *Know Your Ride*. *Know Your Ride* was distributed to teachers and students at Explore Design – an annual conference for students. Developed and submitted a workshop proposal for Ontario History and Social Sciences Teachers' Association Conference (November 2009, Toronto).

Business Accomplishments

CONSUMER PROTECTION (cont'd)

Strategy	2009-2011 Targets	2009 Activities & Results
	Develop editorial calendar and library of tools (audio clips, images) to provide frequent communication to media.	OMVIC's strategic communications plan for 2009 included a mix of public relations, advertising, interactive marketing tactics and activities, as well as a point-of-sale merchandising program. **Public Relations:** Articles for publication delivered through News Canada. Press releases and audio news releases were also distributed. **Advertising:** Out of Home: 150 transit shelters in the GTA carried OMVIC ad for four-week flight. Online ads ran on AutoTrader, Canadian Driver, and Carpages. Radio ads ran in key Ontario markets. Newspaper ads ran in two major Toronto papers. **Point-of-Sale Kits:** Dealership point-of-sale kits launched in September. Kits included two dealer decals, intro letter, brochure explaining OMVIC's 2009 communications plan and copy of *Know Your Ride*. Decals support the "Buy With Confidence" message. **Interactive Marketing:** Interactive marketing included launch of BuyWithConfidence.ca, a consumer information site. Advertising directed consumers to this site rather than omvic.on.ca. Since inception, BuyWithConfidence.ca has generated 8,388 visits, with peak activity occuring around new legislation announcement (2,060 hits between January 11 – January 17, 2010). **Branding:** OMVIC branding was applied to the following in 2009: business cards, dealer decals, *The Dealer Standard*, *Annual Report*, BuyWithConfidence.ca, advertising, bulletins, revised registration booklets and applications. Photography and video footage collected can be repurposed for future projects. **OMVIC generated more than 115 million media impressions in 2009.**

CONSUMER PROTECTION (cont'd)

Strategy	2009-2011 Targets	2009 Activities & Results
	Engage influencers who will help endorse and spread OMVIC's message (e.g., consumer protection agencies).	OMVIC contacted 38 Ontario-based Crime Stopper organizations. During 2009, Toronto Crime Stoppers promoted *Know Your Ride* through its high school tour series. The Sarnia-Lambton and Sudbury chapters placed OMVIC logo and info on their websites.
	Communicate legislative changes to consumer audiences through *Consumer Line*, OMVIC's online consumer newsletter that provides information on consumers' rights and the vehicle-buying experience.	Legislative changes to be featured during 2010.
	During the planning period, OMVIC will focus on increasing *Consumer Line* subscription numbers.	Number of subscribers increased from 1,500 in 2008 to approximately 1,900 in 2009.
	Promote awareness of OMVIC through community speaking engagements and attendance at consumer trade shows.	Staff attended the following events: • Canadian International AutoShow • Government Services Fair • Ontario Association of Chiefs of Police Conference • Ryerson Orientation Week • McMaster Orientation Week • Mississauga Community Crime Awareness Day • YorkFest 2009 • Georgian College Auto Show • Explore Design • Keynote speaker of Safe City Mississauga's annual safety seminar Material was also distributed through University of Toronto's orientation week and National Women's Show.

Business Accomplishments

CONSUMER PROTECTION (cont'd)

Strategy	2009-2011 Targets	2009 Activities & Results
	Support OMVIC's anti-curbsiding message through initiatives that will generate increased media coverage.	News releases for 2009 included: • Nov 05, 2009 – Illegal Vehicle Sales Lead to $18,000 Fine • Nov 03, 2009 – Illegal Vehicle Sellers Sentenced to Heavy Fine and Jail Time • Oct 13, 2009 – Avoid Curbsider Scams: Program to Drive Vehicle Buyers to Ontario-Registered Vehicle Dealers • Oct 13, 2009 – Avoid Curbsiders and Vehicle-Buying Scams: Buy from an Ontario-Registered Dealer • Oct 13, 2009 – "Buy With Confidence" audio news release • Apr 22, 2009 – Toronto Crime Stoppers Teams Up With OMVIC to Curb Illegal Vehicle Sales • Mar 26, 2009 – Illegal Vehicle Sales Lead to Six-Month Jail Term
	Develop tag line to support communications and branding initiatives.	Deferred until review of "Buy With Confidence" campaign in early 2010.
	Collaborate with Ministry of Consumer Services on launch of MVDA 2002.	Finalized press conference and launch event held in January 2010 with participation from the Ministry.

CONSUMER PROTECTION (cont'd)

Strategy	2009-2011 Targets	2009 Activities & Results
Complaint handling: provision of a no-cost service for consumers and dealers as an alternative to litigation whenever possible.	Based on a five-year average, OMVIC anticipates handling approximately 1,100 complaints per year throughout the planning period.	OMVIC handled 1,562 complaints in 2009.
Review current Safety Standards Certificate (SSC) to assess if Ontario standards are current.	Complete follow-up study commissioned through the Canadian Automotive Institute (CAI).	Three-phase study completed.
Increase awareness of OMVIC through law enforcement agencies.	Provide seminars for policing authorities.	Staff made presentations to the following agencies: • Auto Theft Investigator's seminar hosted by Halton Regional Police (attendees from GTA and Golden Horseshoe area police agencies) • Canada Border Services – Niagara Region Intelligence • Ontario Association of Chiefs of Police Conference – Sudbury • Northern Ontario Intelligence Conference/CISO North Bay • Canada Border Services – Fort Frances Enforcement Unit

Business Accomplishments

DEALER PROFESSIONALISM

Strategy	2009-2011 Targets	2009 Activities & Results
Facilitate enhanced communication between OMVIC and stakeholders.	Facilitate meetings for the Stakeholder Relations Committee that formed in 2008.	In 2009, the committee held three meetings to discuss a range of topics including policy approaches to interpretation of the new MVDA.
Registrar's actions: Institute effective registration and inspection processes that identify those who should not be registered or who require close monitoring through terms and conditions.	The volume of Registrar's actions is predicted to remain steady through the planning period, with approximately 1,000 actions yearly.	In 2009, 1,158 Registrar's actions were logged.
	Continue to protect consumers and the integrity of the dealer community by identifying high-risk applicants during the registration process.	Ongoing throughout planning period.
Follow up with the dealer community on issues of non-compliance by providing stats on offenders and the action taken by OMVIC.	Provide details on the types of calls fielded by the complaints team so dealers can address issues internally.	*The Dealer Standard* editions to date have focused on topics related to the new MVDA and the Compensation Fund. The fall 2010 issue will focus on best practices and analysis of complaints.
	Communicate stats and updates by: • Increasing the number of Licence Appeal Tribunal decisions published in *The Dealer Standard* • Develop best practices on selected topics and publish in *The Dealer Standard* • Report on the types of investigations conducted related to industry conduct • Report on the nature of proposals and Registrar's actions	Select decisions are published. In lieu, readers are directed to the OMVIC website, where all decisions are now posted. Report on investigations completed in fall 2009 for publication in 2010.

DEALER PROFESSIONALISM (cont'd)

Strategy	2009-2011 Targets	2009 Activities & Results
Improve communication with registrants by using email for delivery of bulletins and newsletters.	Promote collection of registrant email addresses.	Bulletins and *The Dealer Standard* now delivered electronically to registrants who have an email address on file with OMVIC.
The Internet provides a new channel for curbsider sales. Current use of the Internet will be reviewed and a report of findings submitted to the OMVIC Board.	"Internet sales" added to the agenda of the Provincial Dealer Regulators conference.	No viable interprovincial approach found. Report commissioned from Internet expert to be completed in 2010.

CUSTOMER SERVICE

Strategy	2009-2011 Targets	2009 Activities & Results
Effective adoption of new technologies that will enable OMVIC to better serve dealers, consumers and government through the Internet.	In successive phases during the planning period, new services will be introduced to permit dealers to access their own records electronically in order to check, and to correct, their registration status and those of their salespersons.	Post-MVDA 2002 implementation, registrant online services will begin to be rolled out.
	A new dealer portal to facilitate dealer transactions (including the filing of various applications).	Ongoing throughout planning period.
	Addition of a communications and education component to the website.	BuyWithConfidence.ca launched in September 2009 to support OMVIC's communications activities.

Business Accomplishments

CUSTOMER SERVICE (cont'd)

Strategy	2009-2011 Targets	2009 Activities & Results
	Promotion of the website to be included in OMVIC communication strategies.	OMVIC's website is included on all communications material: trade show booth and supplies (maps and brochures), ads, published stories, annual report, *The Dealer Standard, Consumer Line, Know Your Ride* materials (DVD, teacher's guide and student cards). Consumers can also access the site through Facebook. OMVIC's website is also promoted through the Ministry's Smart Consumer Calendar. OMVIC participates in the calendar annually.
Review phone system service.	Following MVDA implementation, a report on options for improving phone service will be developed.	Installation of new phone system completed during 2009.
Develop plan for business continuity.	Plan completed and approved.	Comprehensive business continuity planning will commence in 2010.

NEW LEGISLATION

Strategy	2009-2011 Targets	2009 Activities & Results
Ensure organizational structure is in place for successful implementation of the new *Motor Vehicle Dealers Act.*	Allow for significant changes to OMVIC's certification course materials.	Revisions completed and course material available on OMVIC's website.
	Communicate legislative changes to registrants by providing educational materials/lectures.	Newsletters, bulletins, presentations at regional dealer meeting and auctions, and web-based materials published.
	Revise policies, procedures and forms to reflect new legislation.	Forms updated and redesigned to reflect new legislation. Revision of policies and procedures ongoing following launch of new legislation.

NEW LEGISLATION (cont'd)

Strategy	2009-2011 Targets	2009 Activities & Results
	Revise web content to reflect new legislation.	Web content updated with information, forms and services.
	Replace Standards of Business Practice with document illustrating new Code of Ethics regulation.	Initial draft completed in 2009 and final version to be completed in 2010.
	Develop discipline process, selection criteria, recruit and train members for Discipline and Appeals Committees.	Panels assembled and trained.
	Work with Motor Vehicle Dealers Compensation Fund Board of Trustees to: • Develop new policies and procedures regarding warranties and service plans • Develop new forms, policies and procedures regarding claims adjudication and management	List of warranty suppliers compiled and posted on OMVIC's website. Forms and policies adjusted to reflect new legislation.
	Determine resource needs, recruit personnel and acquire physical resources as required.	Completed.
	Monitor service levels post-implementation and provide periodic reports to the Board together with recommendations for updated service level targets.	Ongoing through post-launch period.

Business Accomplishments

NEW LEGISLATION (cont'd)

Strategy	2009-2011 Targets	2009 Activities & Results
	Train staff on new legislation, systems, forms and procedures, and policies.	Staff training completed in advance of new MVDA launch.
	Determine accommodation needs and acquire new space.	Review of accommodation needs completed and new space acquired in 2009.
	Finalize development and implementation of new data and document management systems.	System completed and to be implemented January 1, 2010.
Ensure investigation and prosecution procedures comply with recent case law.	Adopt new procedures for case handling.	New procedures adopted and applied.

BOARD GOVERNANCE

Strategy	2009-2011 Targets	2009 Activities & Results
Develop best governance practices and education program for new and existing officers and directors.	Continue to identify and attend programs that will serve to enhance directors' understanding and practice of governance skills. Institute a Board evaluation program.	Governance training, including financial literacy, held for directors by a third party. Board evaluation implemented.
Manage budget and cash flow appropriately.	Secretary Treasurer to provide Board with accurate and timely variance reports on revenues and expenditures. Board provided with material necessary to respond to in-year budget revisions, if required. Review five-year revenue projections and business processes; recommend potential revenue sources.	Regular financial reports with variance analysis provided to Board. Budet reviewed and revised in April 2009 to reflect delayed implementation of the new MVDA. Revenue projections completed and recommendations provided to the Board.
Encourage review and reform of OMVIC corporate structure by Ministry.	Provide material in support of review/reform, including legal case and model bylaws.	Relevant materials provided to the Ministry.
Succession plan for senior management positions.	Present draft succession plan to Board for approval.	Draft plan provided to the Board.
Review, identify and address new areas of enterprise risk in light of changing legislation.	Conduct human rights audit and introduce training for all staff.	Legal review of forms completed.

Overview

Registration

At year-end in 2009, 8,229 dealers (8,597 in 2008) and 23,704 salespersons (23,810 in 2008) were registered under the *Motor Vehicle Dealers Act* (MVDA). Registration is mandatory for motor vehicle dealers and salespersons in Ontario. The registration period for dealers is currently migrating from a two-year to a one-year period and will be complete in 2010.

OMVIC conducts Canada-wide criminal record searches on every individual entering or returning to the industry. These background searches assist in ensuring that anyone entering the industry will conduct themselves with honesty, integrity, and in a financially responsible manner – all of which are requirements of the MVDA. Completion of the OMVIC certification course is also a requirement for registration.

At year-end in 2009, 8,229 dealers and 23,704 salespersons were registered under the MVDA.

The Registrar determines whether new applicants qualify for registration and whether existing registrants continue to be qualified for registration. In order to keep registration valid, registrants must abide by industry legislation and OMVIC's Code of Ethics. Failure to do so may result in administrative action or even a proposal to revoke registration. The Registrar has a responsibility to propose refusal or revocation of registration, or to propose terms and conditions of registration, as appropriate.

When the office of the Registrar proposes to refuse or revoke registration, the affected applicant or registrant may request a hearing before the Licence Appeal Tribunal (LAT). In such cases, the Registrar's office presents the case for refusal or revocation before a panel of the LAT. The panel may direct the Registrar to carry out the proposal, modify the proposal, or set aside the proposal and replace it with its own order. If a recipient of a proposal fails to appeal, the proposal becomes effective as written.

Other registration activities include dealer and salesperson renewals, processing information changes and salesperson transfers from dealer to dealer.

During 2009, registration staff processed 710 business applications and 2,766 salesperson applications, renewed 6,653 business registrations and 12,389 salesperson registrations, and performed 17,594 other transactions that included registrant information changes, transfers and terminations. In recent years, there has been a slight decline in the population of registered dealers and a slight increase in the population of registered salespeople.

Registrar's actions reached 1,158 in 2009 – a decrease from 1,273 in 2008. Registrar's actions include proposals to refuse or revoke registration and terms and conditions of registration.

Due to the significant background checks conducted on all new dealer applications, applicants are advised that final approval may take up to six weeks; however, analysis of new dealer applications processed in 2009 indicates the average processing time for complete applications was 13 days, a slightly shorter period than previous years.

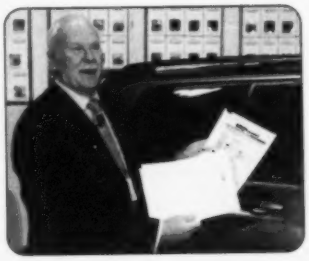
The majority of applications that took longer than the six-week period contained deficiencies or involved investigations, proposals or terms and conditions.

Complaint Handling Process

OMVIC's complaint team handles inquiries and complaints from both consumers and dealers regarding the conduct of registered motor vehicle dealers in Ontario. Complaints can be submitted online through OMVIC's website (www.omvic.on.ca), or by phone (1-800-943-6002). Compliance and registration staff handled 30,184 toll-free calls during 2009 (compared to 45,295 toll-free calls in 2008). The volume of local calls is assumed to match the number of toll-free calls.

Intake staff collect basic information, provide self-help instructions to the consumer/dealer, and escalate the file to a complaint depending on the nature of the concerns and the information provided by the complainant. In many situations, consumers are encouraged to settle the disagreement by contacting the dealer directly.

Once a complaint file is opened, it may take anywhere from a few hours to a few weeks – or even months – to complete, depending upon the complexity of issues, the availability of documents and the level of cooperation of those involved.



However, the vast majority of complaint files are resolved within a few days. Issues related to liquidated damages, misrepresentation, vehicle condition, contract disputes and Safety Standards Certificates are the most common complaints handled. During 2009, OMVIC's compliance team was actively involved in 1,562 disputes. The team handled 1,452 complaints in 2008.

In the event a consumer feels a complaint has not been handled properly by OMVIC, the consumer may appeal to the Appeals Committee of OMVIC's Board of Directors. The Appeals Committee is chaired by a non-industry Board member appointed by the Ministry of Consumer Services. The Appeals Committee reviews the handling of the complaint file to ensure timely, thorough and fair handling of the complaint. The Committee may suggest further lines of inquiry, but cannot direct further action be taken.

OMVIC's complaint team handles inquiries and complaints from both consumers and dealers regarding the conduct of registered motor vehicle dealers in Ontario. Complaints can be submitted online through OMVIC's website (www.omvic.on.ca), or by phone (1-800-943-6002).

Inspections

The MVDA requires members to conduct business from premises approved by the Registrar and requires members to have a lot, sign and an office. The MVDA also sets out requirements for the maintenance of books and records at the registered premises. Dealers may only use the services of registered salespersons whose registrations indicate they are providing services to that dealer.

Under the MVDA, appropriately appointed inspectors have the right to inspect a dealer's premises, to view and photocopy books and records, and to make inquiries regarding any complaint received about the dealer's conduct. A record is kept of all completed inspections and follow-up action is taken as necessary. OMVIC inspectors are based regionally in order to provide an inspection program that covers the entire province. OMVIC completed 2,837 inspections during 2009.

OMVIC completed 2,837 inspections during 2009.

Investigation and Prosecution

OMVIC's investigators are appointed under the *Motor Vehicle Dealers Act* and the *Provincial Offences Act*. They are also designated as Provincial Offences Officers and empowered to conduct investigations under several relevant statutes. As a result of those investigations, investigators may lay charges under a number of provincial statutes, including the *Motor Vehicle Dealers Act* and the *Consumer Protection Act, 2002.*

Investigations fall into two broad categories: unregistered activity (curbsiders) and industry conduct (which typically involve allegations of odometer tampering, falsifying records and non-disclosure of accidents). Curbsiding activity can be reported to OMVIC's investigation team through a toll-free number (1-888-NOCURBS) or through email (nocurbs@omvic.on.ca).

Investigations are initiated from information received from various sources including referrals from OMVIC inspectors, consumer complaints, police and other dealers. If substantiated, they can result in prosecution, proposal for revocation, or referral to the Discipline Committee.

Investigators also provide education and support to other law enforcement agencies through presentations at training conferences and partnerships with joint law enforcement projects.

OMVIC is a member of the Provincial Auto Theft Task Force and investigators are members of the International Association of Auto Theft Investigators. During 2009, 848 charges were laid.

Overview (cont'd)

Notable Charges 2009

Name	Charge	Fine
Kaybee Adebayo	18 counts of curbsiding	**$36,000**
Adeolu Adebajo	18 counts of curbsiding	**Six-month jail term**
Olaekan Shittu	26 counts of curbsiding	**Six-month jail term**
Jazid Kaz Khan	Three counts of curbsiding	**$18,000**
	Three counts of misrepresentation (*Consumer Protection Act*)	
Fahmi Kreem	Four counts of curbsiding	**$10,000**
2089993 Ontario Ltd.	One count of curbsiding	**$10,000**
Alen Sada	Two counts of odometer tampering	**$10,000**
Zbigniew Zurawski o/a Zbyszko Z Auto Body Custom Paint	One count of failing to disclose as dealer in ad Two counts of retaining unlicensed salesperson	**$10,000**
	Two counts of selling off premises	
Jason Hopkins	Three counts of engaging in unfair practices (*Consumer Protection Act*)	**$8,000**
	One count of unregistered salesperson	
Zdzislaw Labryszewski	One count of curbsiding	**$5,000**

Disciplinary Process (Under the Previous MVDA)

All motor vehicle dealers and salespersons are required to comply with OMVIC's Code of Ethics and Standards of Business Practice (SBP). Alleged breaches of the Code of Ethics are heard before a Discipline Panel, which may impose penalties. At hearings, all parties may be represented by counsel and dealers are given the opportunity to submit documentation supporting their position. Following a hearing, the Panel issues a formal decision, which is published as a matter of record. Panels are composed of registered dealers who have been specifically trained to hear matters brought forward under the Code of Ethics bylaw and is supported by independent counsel. Panels may impose up to a $10,000 fine, order parties to take training courses and may recommend that the Registrar consider further administrative action.

Recent discipline issues have focused on industry conduct, unregistered salespeople, the lack of Safety Standards Certificates for leased vehicles and advertising complaints. The majority of cases were settled without a hearing, and although dealers may have paid fines, most were also required to adopt a policy that requires all sales staff to be certified – a process that emphasizes education. OMVIC handled 13 discipline matters in 2009, collecting a total of $37,800 in fines.

DISCIPLINE CASE STUDY:
Chatsworth Motor Sales Ltd.

OMVIC's Discipline Panel found Chatsworth Motor Sales Ltd. sold vehicles to consumers without disclosing relevant and important facts of the vehicles' histories.

Selling Vehicles Without Appropriate Disclosure

In August 2009, an Owen Sound-area dealer was found in breach of OMVIC's Code of Ethics and fined the maximum $10,000 penalty. OMVIC's Discipline Panel found Chatsworth Motor Sales Ltd. sold vehicles to consumers without disclosing relevant and important facts of the vehicles' histories: facts that, had they been disclosed, might have affected the fair value of the vehicles and the consumers' decisions to purchase them.

Evidence presented showed four vehicles sold by Chatsworth Motor Sales Ltd. had previously been used as daily rentals; two others had undisclosed accident repairs. The dealer knew this information but did not disclose it to the purchasers. Failure to make purchasers aware of this important information denied them the opportunity to make an informed decision and contravenes Sections 2.4.1 and 2.5.1 of the Code of Ethics and Standards of Business Practice.

Repeat Offences Drive Punishment

The Discipline Panel also heard evidence claiming this was not the first time Chatsworth Motor Sales Ltd. failed to make proper disclosure of the history of vehicles it sold. In 2006, an OMVIC inspection allegedly found the dealer neglected to inform purchasers of previous accident repairs and/or daily rental use of four vehicles. At the time, the dealership was censured and reminded of the obligation to provide proper disclosure to purchasers. This alleged repeat pattern was one of the reasons the maximum penalty was sought.

Dealer and Staff Ordered to Complete OMVIC Certification Course

In its decision, the Panel also ordered the dealer and licensed staff to successfully complete the OMVIC certification course on automotive law and ethics within 120 days. The dealership is to be inspected twice in the next 12 months to ensure compliance.

Consumer Awareness

Buy With Confidence Campaign

Following the delay of the new MVDA, OMVIC revised the objectives and strategies of its consumer campaign to focus on identifying "Ontario-registered dealers" and driving consumers to registered dealers for increased consumer protection.

This approach enabled OMVIC to maintain and grow the early awareness of OMVIC generated by 2008 communications while further developing the OMVIC story. Strategies included:

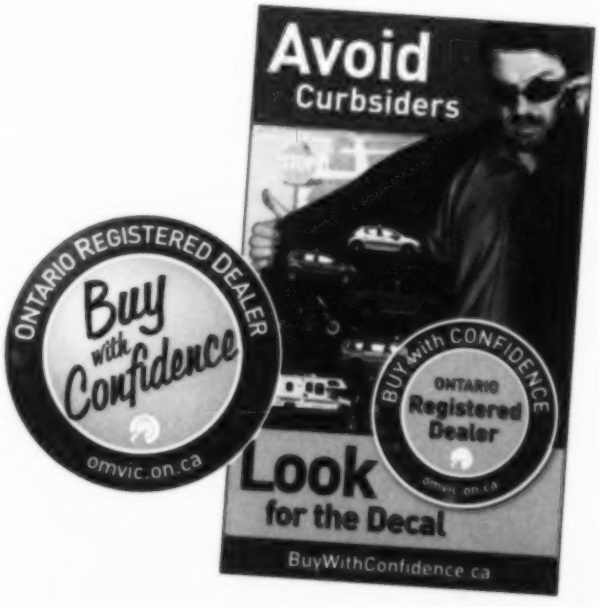
- Driving consumers to Ontario-registered dealers and to look for the decal
- Identifying curbsiders and how to avoid them
- Raising general awareness of potential vehicle-buying issues
- Continue raising awareness that OMVIC is regulator of Ontario's motor vehicle sales

Key Messages:

- Avoid curbsiders: look for the Ontario-registered dealer decal
- Buying from an Ontario-registered dealer gives you consumer rights and remedies
- OMVIC has a list of registered vehicle dealers and can also provide buying tips so you "Know Before You Buy" and "Know Your Ride"
- OMVIC is the place to go for preventive information and if you have issues
- The vast majority of vehicle-buying experiences in Ontario are positive

Tactics:

- Point-of-Sale Merchandising Program – "Ontario-Registered Dealer" ID kit
- Advertising
  - Online – Placement on autotrader.ca, carpages.ca, canadiandriver.com
  - Transit Shelters – "Avoid Curbsiders" ads across Toronto and the GTA near dealership clusters
  - Radio Advertising – Traffic/weather tags, 10-second spots and tactical buys for 28 stations in 13 regional markets



Overview (cont'd)

  - Print – Online advertising on Torontosun.com and Torontosun.com/autonet
  - Print earlugs, island ads and full-page advertorial in Toronto Sun
  - Print earlugs in Toronto Star
- BuyWithConfidence.ca Website
  - Campaign microsite with key info on OMVIC and curbsiders, with downloads and contact info
- Public Relations
  - News Canada: three print stories
  - News releases (CNW and Marketwire)
  - Two audio news releases
  - Strategic public relations outreach

Promoting the Campaign: Additional Support Tactics

- Dealer communications
  - Summer edition of *The Dealer Standard*
  - Two outbound emails
  - Dealer letter
- Stakeholder communications
  - Distributed approximately 75 advisories and kit samples

What Do Consumers Know?

A consumer awareness survey completed in 2009 identified the following:

Percentage of Ontarians aware of OMVIC:	**17%**
Percentage of Ontarians who know motor vehicle dealers must be registered:	**43%**
Percentage of Ontarians who are unaware of what a "curbsider" is:	**49%**

Motor Vehicle Dealers Compensation Fund

The Motor Vehicle Dealers Compensation Fund is a consumer-protection fund that was introduced in 1986. It reimburses consumers for problems arising from motor vehicle transactions with registered dealers under the specific circumstances described in the *Motor Vehicle Dealers Act*. The Fund's Board of Trustees, five consumer representatives and four registered dealers, considers each case individually on its own merits. Consumers are expected to have exhausted all other legal remedies prior to making a claim against the Fund and full documentation as evidence of their claim is required.

The Fund cannot compensate consumers for a loss resulting from a private sale or a transaction involving a company that is not registered under the MVDA.

The Motor Vehicle Dealers Compensation Fund is financed through a fee that dealers must pay when they apply for registration to the Ontario Motor Vehicle Industry Council. The maximum amount that can be paid for any one claim is $15,000.*

The Motor Vehicle Dealers Compensation Fund is a consumer-protection fund that reimburses consumers for problems arising from motor vehicle transactions with registered dealers.

Submitting to the Motor Vehicle Dealers Compensation Fund: Criteria

To be eligible for consideration by the Fund's Board of Trustees, a written claim must be submitted within two years of a registered dealer refusing or failing to pay compensation, and must be based on one of the situations described below:

- A customer has won a judgement (related to a trade in a motor vehicle) in an Ontario court against a registered dealer who has then failed or refused to pay (the judgement must remain unpaid for 90 days)
- A customer has suffered a financial loss resulting from a trade in a motor vehicle as a result of a dealer's bankruptcy or receivership
- A customer has suffered a financial loss resulting from a trade in a motor vehicle for which the dealer has been convicted of an offence under the Criminal Code of Canada
- A customer has made a down payment or left a deposit on a vehicle and the dealer has delivered neither the vehicle nor an acceptable alternative and has not refunded the money. It should be noted that a claim to the Fund cannot be based on the cost, value or quality of a vehicle that has been delivered
- A customer has purchased an extended warranty or service plan that is not underwritten by an insurance company and the claim is for a non-earned premium or for a repair under the warranty

All claim applications must be accompanied by full and proper documentation, such as the bill of sale or purchase order, a judgement order or proof of conviction, or other supporting evidence. When the Fund pays a claim, the consumer signs over to the Fund all rights and remedies related to the claim to which he or she is entitled. The Fund may then pursue its own legal action to recover the amount of the claim from the dealer or the dealer's representative.

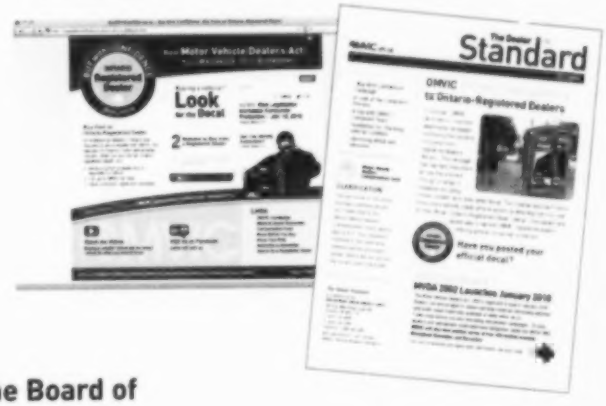
The Fund cannot compensate consumers for a loss resulting from a private sale or a transaction involving a company that is not registered under the MVDA. Nor can the Fund compensate a business, other dealer or other customer acting in a business relationship even if the dealer is registered under the *Act* and a court judgement received. These restrictions reflect the Fund's mandate: industry-funded consumer protection.

During the Motor Vehicle Dealers Compensation Fund's fiscal 2009 year (ending October 31, 2009), 176 claims were approved by the Board of Trustees for a total payment to consumers of $716,044. A total of 176 claims were received by the Fund.

Dealer Professionalism and Education

OMVIC's certification course, which is mandatory for new dealers and salespersons, focuses on law and ethics and is a community college credit course. "Grandfathered" salespersons – those registered prior to the introduction of the certification course in November 1999 – are not required to enrol in the course, but OMVIC encourages certification.

OMVIC's industry newsletter, *The Dealer Standard*, provides ongoing communication with the dealer community. Written features promote education and awareness by reporting OMVIC activities and industry news and events. OMVIC's website also provides content for dealers and new applicants through the posting and distribution of bulletins, announcements, press releases and enforcement activities.



Members of the Board of Trustees:

Alan Silverstein, Chair of the Board
Consumer representative

Peter Eatson, Vice-Chair
Dealer representative

Jamie Holmes, Secretary Treasurer
Consumer representative

Kathy Cook
Dealer representative

Catharine Finlay
Consumer representativee

John Kenny
Dealer representative

Catherine Poultney
Dealer representative

Phil Raby
Consumer representative

Peter Silverman
Consumer representative

French Language Services

OMVIC is responsive to all inquiries received in the French language. OMVIC provides service in both languages whenever and wherever demand and customer service warrant. Bilingual staff members are sought for key positions in order to ensure that French language inquiries – whether from dealers or consumers – can be dealt with quickly, courteously and effectively. As well, all correspondence received in French receives a response in French. Registration application forms are available in both English and French. OMVIC's anti-curbsider brochure is available in both official languages, as is its educational DVD, *Know Your Ride*.

*Under the new MVDA, consumers who experience a legitimate problem with a vehicle purchase may be able to receive increased financial compensation from the Motor Vehicle Dealers Compensation Fund. The maximum compensation limit increased from $15,000 to $45,000. This change was made to better reflect the true cost of purchasing a vehicle today. The higher compensation levels apply to transactions that take place after January 1, 2010.

Committees

Appeals Committee

Chair: Nazreen Ali

The Appeals Committee provides a forum for reviewing complaints from consumers regarding OMVIC's handling of consumers' complaints about dealers and, if appropriate, makes recommendations to staff to ensure subsequent complaints are handled in the most effective and expeditious manner. This Committee also provides an impartial forum for hearing appeals from decisions of the Discipline Panel.

Membership: Five OMVIC Board members (one consumer representative and four dealer representatives).

Consumer Protection Advisory Committee (CPAC)

Chair: Jeff Gray

The Consumer Protection Advisory Committee (CPAC) was created by the OMVIC Board of Directors. At least half of CPAC's members are non-industry consumer representatives. CPAC provides both the Ministry of Consumer Services and the OMVIC Board with expert advice on consumer issues.

Membership: Four OMVIC Board members (two consumer representatives and two dealer representatives) and five non-Board consumer representatives. The Committee is chaired by a consumer representative from OMVIC's Board.

Management Committee

Chair: Meredith Morris

The Management Committee assists the Board of Directors in the provision of its governance role. Responsibilities include:

- Guidance and direction to Executive Director and Comptroller as needed
- Assisting management to ensure appropriate financial and operational controls are in place
- Liaising with the provincial government, trade associations and consumer groups on industry matters
- Review of management reports regarding statutory and ethical compliance
- Review of quarterly and annual financial statements
- Periodic briefings to the Minister of Consumer Services on OMVIC's activities
- Review of annual report and business plan

Membership: Four OMVIC Board members (three dealer representatives and one consumer representative).

Nominating Committee

Chair: Ken Peterson

The Nominating Committee carries out the duties assigned in the OMVIC bylaws and those assigned to it by the Board of Directors. Some responsibilities include:

- Developing and recommending selection criteria for new Board members
- Seeking nominees for vacancies on the Board of Directors
- Developing selection criteria for membership on Committees of the Board and for the Compensation Fund Board of Trustees

Membership: Six OMVIC Board members (five dealer representatives and one consumer representative).

Audit, Finance and Risk Committee

Chair: Jeff Gray

The responsibilities of the Audit, Finance and Risk Committee include:

- Assist management in ensuring that appropriate financial and operational controls are in place
- Request and review reports from management regarding select financial and operational controls
- Review terms of reference of the annual audit with the external auditors
- Review annual audited financial statements and audit findings with the external auditors
- Review the performance of auditors and recommend appointment of auditors for the coming year

Membership: Four OMVIC Board members (three dealer representatives and one consumer representative).

Communications Committee

Chair: Cliff Pilon

Working with staff, and in collaboration with the Motor Vehicle Dealers Compensation Fund, the Communications Committee provides high-level guidance in the development of strategies to communicate and market OMVIC's goals, accomplishments, services and values to key stakeholder groups: consumers, dealers, salespeople, government, media, interested associations and related industries.

Membership: Six OMVIC Board members (all dealer representatives) and two non-Board consumer representatives.

Stakeholder Relations Committee

Chair: John Slaughter

Formed in June 2008, the Stakeholder Relations Committee provides a forum for stakeholder groups and OMVIC to share points of view on various issues relevant to the sector. The Committee meets on an ad hoc basis no fewer than two times per year.

Membership: Six OMVIC Board members and representatives from government, industry trade associations, the Compensation Fund Board of Trustees, the Canadian Automotive Institute and consumer advocacy groups.

Governance Committee

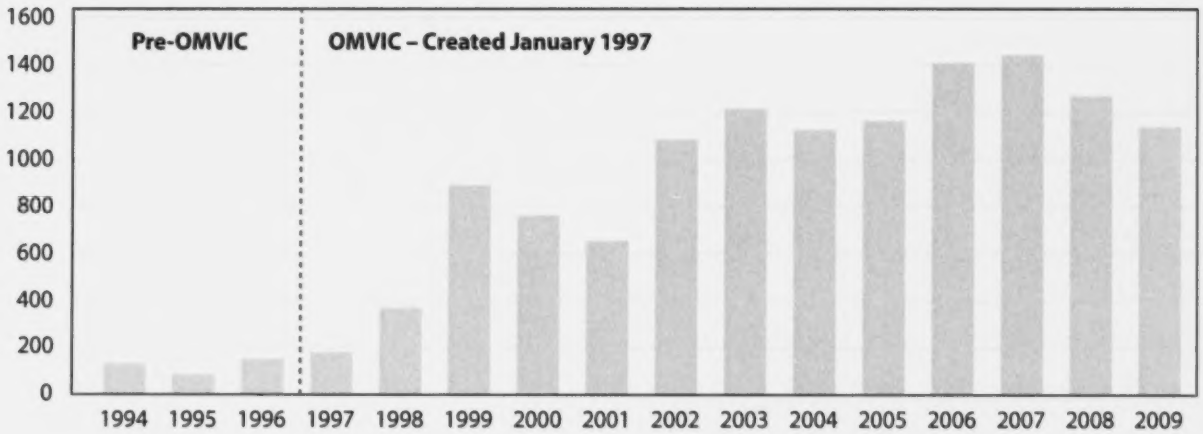
Chair: Ron Marostica

The Committee reviews the governance of the Board on a regular basis. This includes a review of the effectiveness of the Board Committees and their Chairs; whether Committees should be merged, disbanded or created; as well as a thorough examination of all procedures related to the effective operation of meetings.

Membership: Eight OMVIC Board members (seven dealer representatives and one consumer representative).

Performance Overview

REGISTRAR'S ACTIONS 2009

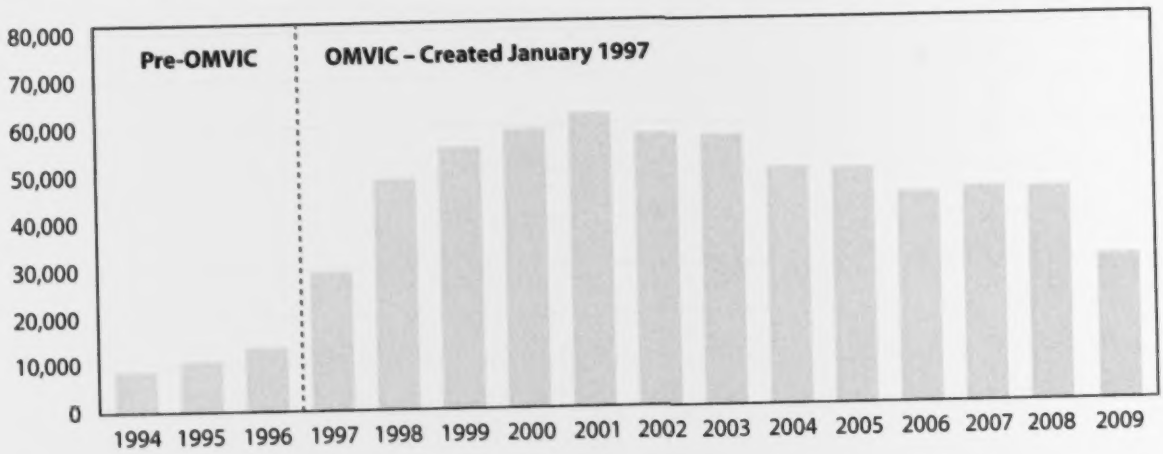


Registrar's actions include issuance of proposals to refuse or revoke registration and registrations requiring terms and conditions. The number of Registrar's actions logged in 2009 was 1,158.

REGISTRATION ACTIVITIES

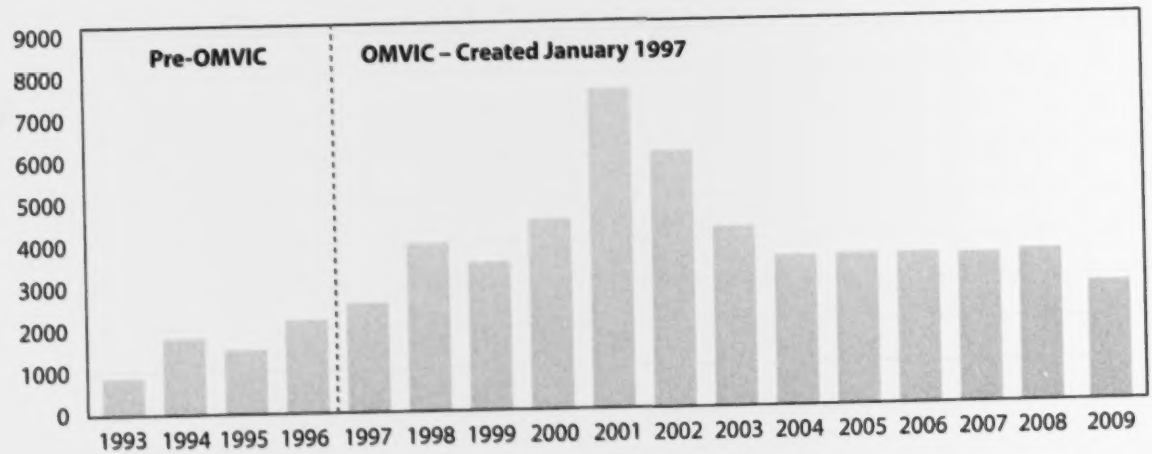
Activity	2009	2008	2007
New dealer applications:	710	723	747
New salesperson applications:	2,766	3,433	3,492
Dealer renewals:	6,653	3,448	4,396
Salesperson renewals:	12,389	11,495	11,638
Information changes:	1,663	1,525	1,929
Employee transfers:	5,536	5,290	5,754
Registration terminations:	10,395	8,181	8,257

INQUIRIES 2009



Inquiries (1-800 line): Staff handled 30,184 toll-free calls during 2009. This chart does not include local calls which are assumed to match the volume of toll-free calls.

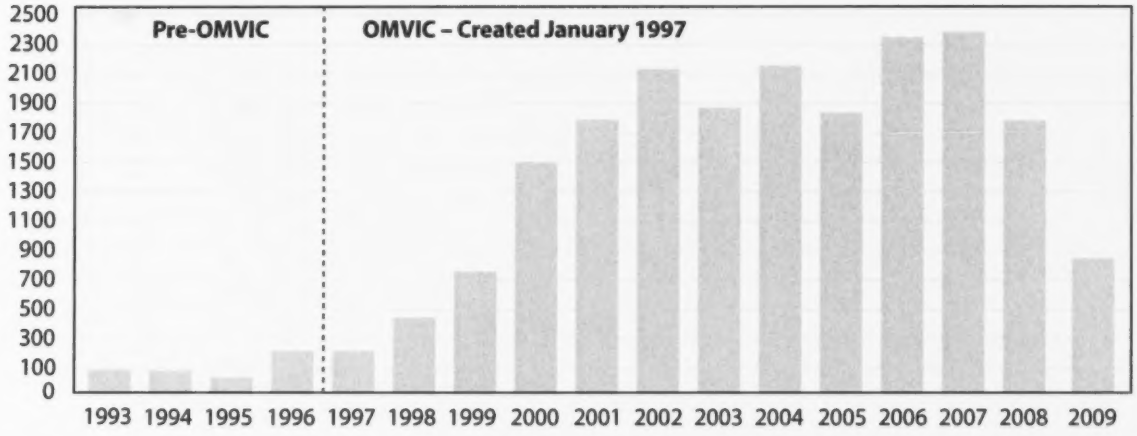
INSPECTIONS 2009



During 2009, 2,837 inspections were completed.

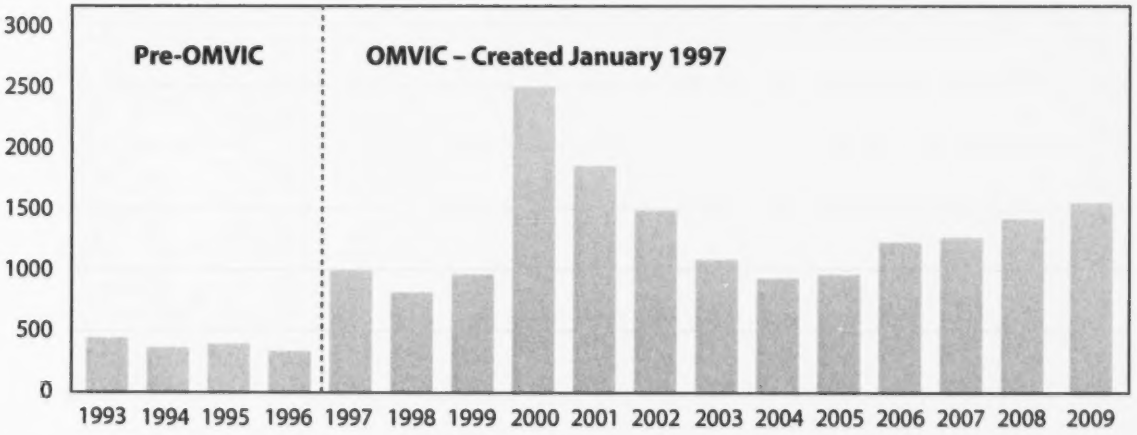
Performance Overview (cont'd)

CHARGES LAID 2009



In 2009, OMVIC investigators laid 848 charges. The investigation numbers for 2009 are reduced from prior years. This reduction was an anticipated result of a change in enforcement strategy implemented this year. The strategy involved focusing investigative and prosecution effort on the "worst curbsiders": repeat offenders and those selling wrecked vehicles. This latter group is particularly threatening to citizens in that these curbsiders sell cars that are a safety hazard and their typical customer is economically vulnerable (least able to afford a car requiring significant repairs). In addition to targeting these serious offenders, "first-time curbsiders" were formally warned instead of being prosecuted, as they had been in prior years. Although the number of charges is down, the rate of conviction and penalties have risen dramatically throughout 2009.

COMPLAINT HANDLING 2009



OMVIC's compliance team was actively involved in handling 1,562 disputes in 2009. In recent years, procedural changes have resulted in a lower volume of reported complaint activities. These changes ensure consumer inquiries are not included in the reported complaint volumes.

2009 Financial Overview/Audited Statements

The following financial overview is based on the audited financial statements for Ontario Motor Vehicle Industry Council for the year ended December 31, 2009 with comparative figures for 2008.

Overview

During 2009, OMVIC prepared for implementation of the new *Motor Vehicle Dealers Act* (in effect as of January 1, 2010). In addition to staff training, systems development and information sessions for registrants, OMVIC expanded its office space to accommodate additional staff. These costs are reflected in the 2009 financial statements.

Revenues for the year exceeded expenses by $2,352,153, compared to $470,452 in 2008. This significant increase is due mainly to the revised fee structure introduced in May 2008.

Accumulated surplus at the end of the year was $2,168,190, compared to a deficit of $183,963 at the end of December 2008.

Revenue

Revenues in 2009 rose to $10,926,491 from $7,262,819 in 2008 and comprised:

Registration fees:

As in previous years, registration fees remain the principal source of revenue, representing about 93% of the total. The increase in 2009 over the previous year results arose from the revised fee structure.

Transfer fees:

Transfer fees of $276,975 remained closer to the 2008 level.

Certification course fees:

Revenue of $216,250 from certification fees in 2009 was lower than last year ($267,460). Enrollments in the certification course were generally lower than last year because of prevailing economic conditions.

Discipline penalties:

Discipline penalties totaling $37,800 in 2009, imposed through an internal disciplinary process for failing to comply with OMVIC's Code of Ethics and the Standards of Business Practices, were lower than last year ($63,750).

Interest and other revenue:

Interest and other revenue received in 2009 was $24,122, compared to $57,820 in 2008. The average interest rate for the year was quite low.

Expenses

Total expenses in 2009 increased by $1,781,971 to $8,574,338 from $6,792,367 the previous year. Major expense categories and the reasons for the increase are outlined below:

Salaries and benefits:

Salaries and benefits cost $4,527,969 in 2009 compared to $3,794,495 in 2008. The increase of $733,474 over last year reflects hiring of new staff, normal salary changes and year-end accruals.

Professional services:

Professional services in 2009 cost $917,710, compared to $672,898 last year. The higher expenses in 2009 reflect costs of consultants engaged for Board governance and Discipline Panel training as well as costs related to office move and the implementation of the new MVDA from January 1, 2010.

Public awareness:

During 2009, OMVIC implemented its communications plan adopted towards the end of 2008. As a result, public awareness expenses increased substantially in 2009 ($660,077) over last year ($389,592).

Travel:

2009 travel expenses of $591,619 were slightly higher than those of 2008 ($570,004). The increase is due to staff travel throughout the province for information sessions on the new *Act*.

General and administrative:

General and administrative expenses of $472,874 were also above 2008 expenses ($378,352) and can be attributed to preparations for the implementation of the MVDA 2002 from January 1, 2010. This included printing of revised registration and other forms to comply with the new *Act*.

2009 Financial Overview/Audited Statements (cont'd)

Occupancy:

OMVIC commenced leasing additional space on another floor in the same building from May 2009 to accommodate its expanding workforce. As a result, occupancy costs increased in 2009 to $339,183 from $223,544 in 2008.

Telecommunications:

Telecommunications expenses of $240,490 were slightly lower than last year ($246,356).

Amortization of capital expenses:

This non-cash expense of $238,746 was higher than last year by $97,083, as it includes amortization of new furniture and telephone system, as well as leasehold improvements made during the year.

Per-diem allowances:

Per-diem allowances of $207,326 were above the 2008 level of $144,850. Two sets of training sessions were held for Discipline Panel members in 2009.

Industry awareness:

During 2009, $193,421 was spent on industry awareness. Some of the expenses included printing and distributing OMVIC's newsletter (*The Dealer Standard*), keeping the industry abreast of issues through bulletins and implementation of a point-of-sale merchandising program.

Government oversight fees:

On a cost recovery basis, this fee is payable to the Ministry of Consumer Services under the terms of its Administrative Agreement with OMVIC. The amount payable in 2009 was $184,923, compared to $164,678 in 2008.

The 2009 expenses by service function were as follows:

	2009	2008
Investigation	$1,560,116	$1,355,102
Registration	1,630,629	1,215,046
Inspection	1,324,078	1,120,097
e-Business	838,379	694,744
Legal services	903,541	764,586
Governance	662,797	575,700
Communications	980,455	578,654
Inquiries and complaint handling	674,343	488,438
	$8,574,338	$6,792,367

Liquidity and Capital Resources

Cash available at the end of December 2009 was $2,141,051, compared to $1,037,101 in 2008.

Based on cash flows provided by its operations, OMVIC has sufficient liquidity to fund its short-term business plans and obligations.

Capital Expenditures

Capital expenditures during 2009 amounted to $1,186,077 (vs. $391,884 in 2008) and were used to support operational growth and develop operating efficiencies through technological improvements.

Financial Statements

Financial Statements of

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Year ended December 31, 2009

Financial Statements (cont'd)

KPMG LLP
Chartered Accountants
Yonge Corporate Centre
4100 Yonge Street Suite 200
Toronto ON M2P 2H3
Canada

Telephone (416) 228-7000
Telefax (416) 228-7123
Internet www.kpmg.ca

AUDITORS' REPORT

To the Members of Ontario Motor Vehicle Industry Council

We have audited the statement of financial position of Ontario Motor Vehicle Industry Council as at December 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada
March 19, 2010

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
Assets		
Current assets:		
Cash	$ 2,141,051	$ 1,037,101
Accounts receivable	464,587	53,985
Prepaid expenses	120,290	108,303
	2,725,928	1,199,389
Capital assets (note 3)	744,522	135,256
Software under development (note 4)	1,158,525	820,460
	$ 4,628,975	$ 2,155,105
Liabilities and Net Assets (Deficiency)		
Current liabilities:		
Accounts payable and accrued charges	$ 739,919	$ 656,380
Deferred revenue (note 5)	1,400,950	1,682,688
	2,140,869	2,339,068
Deferred lease inducement (note 6)	319,916	-
Net assets (deficiency):		
Invested in capital assets	1,903,047	955,716
Unrestricted	265,143	(1,139,679)
	2,168,190	(183,963)
Commitments (note 8)		
	$ 4,628,975	$ 2,155,105

See accompanying notes to financial statements.

Financial Statements (cont'd)

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Operations

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008 (Restated - note 2)
Revenue:		
Registration fees	$ 10,167,213	$ 6,411,235
Transfer fees	276,975	275,925
Certification course fees	216,250	267,460
Administrative penalties	37,800	63,750
Interest and other	24,122	57,820
Expense recoveries (note 7)	204,131	186,629
	10,926,491	7,262,819
Expenses:		
Salaries and benefits (note 7)	4,527,969	3,794,495
Professional services	917,710	672,898
Public awareness	660,077	389,592
Travel	591,619	570,004
General and administrative (note 7)	472,874	378,352
Occupancy	339,183	223,544
Telecommunications	240,490	246,356
Amortization of capital assets	238,746	141,663
Per diem allowances	207,326	144,850
Industry awareness	193,421	65,935
Government oversight fees	184,923	164,678
	8,574,338	6,792,367
Excess of revenue over expenses	$ 2,352,153	$ 470,452

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2009, with comparative figures for 2008

	Invested in capital assets	Unrestricted	2009 Total	2008 Total
Balance, beginning of year	$ 955,716	$ (1,139,679)	$ (183,963)	$ (654,415)
Excess of revenue over expenses (expenses over revenue)	(238,746)	2,590,899	2,352,153	470,452
Investment in capital assets	1,186,077	(1,186,077)	-	-
Balance, end of year	$ 1,903,047	$ 265,143	$ 2,168,190	$ (183,963)

See accompanying notes to financial statements.

Financial Statements (cont'd)

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	$ 2,352,153	$ 470,452
Item not involving cash:		
Amortization of capital assets	238,746	141,663
Changes in non-cash operating working capital:		
Accounts receivable	(410,602)	4,087
Prepaid expenses	(11,987)	13,394
Accounts payable and accrued charges	83,539	(12,866)
Deferred revenue	(281,738)	(858,075)
Deferred lease inducement	319,916	-
	2,290,027	(241,345)
Investing activities:		
Purchase of capital assets	(1,186,077)	(391,884)
Increase (decrease) in cash	1,103,950	(633,229)
Cash, beginning of year	1,037,101	1,670,330
Cash, end of year	$ 2,141,051	$ 1,037,101
Supplemental cash flow information:		
Cash received for interest	$ 9,462	$ 34,738

See accompanying notes to financial statements.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements

Year ended December 31, 2009

Ontario Motor Vehicle Industry Council (the "Council") is Ontario's first administrative authority created pursuant to the Safety and Consumer Statutes Administration Act. The Council is a not-for-profit organization with the mandate to administer the Ontario Motor Vehicle Dealers Act. This authority was delegated to the Council by the Minister of Consumer and Commercial Relations (the "Ministry") on January 7, 1997 through an Administrative Agreement (the "Agreement") with the Ministry.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of financial statements requires management to make estimates and assumptions that affect the amounts in the financial statements and the disclosure in the notes thereto. Actual results could differ from those estimates.

(b) Revenue recognition:

(i) Registration fees:

Fees charged for registration as a dealer are paid annually and are recognized on a monthly basis as received.

Fees charged for registration as a salesperson are for a two-year period and are recognized evenly over two years. Unearned fees are recorded as deferred revenue.

During the 2008 fiscal year, the Council changed the fee structure for registration to include a transaction fee based on the volume of sales. Dealers are required to remit $5 for every sale (excluding wholesale transactions), lease, fleet or "as is" transaction as a component of their registration renewal fee. The dealers are responsible for reporting sales accurately to the Council and to remit the amount due when renewing their registration. Transaction fees are included in registration fees and recorded as revenue when they are received.

(ii) Certification course fees:

New applicants for registration must pass a certification course run by the Canadian Automotive Institute on behalf of the Council. Certification course fees are recognized when a new applicant registers for the course.

Financial Statements (cont'd)

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(iii) Transfer fees:

A transfer fee is charged when a registered salesperson moves from one dealership to another. Transfer fees are recognized upon written notice and when the Council receives payment.

(iv) Administrative penalties:

Administrative penalties are imposed on dealers through an internal Council disciplinary process. These penalties are recognized as revenue when the Council receives payment.

(c) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded on a straight-line basis over the assets' estimated useful lives as follows:

Computer hardware	3 years
Computer software	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Leasehold improvements	Term of lease

(d) Deferred lease inducement:

The lease for the original office space was renegotiated in the current year and the terms of the lease were modified and the lease term extended. The Council is continuing to account for the lease under the old terms until the term of the original lease contract expires April 30, 2012. Deferred lease inducements are considered to relate to the lease extension and will be amortized over the period from May 1, 2012 to April 30, 2014, the extended lease term.

The Council assumed more space during the year and the lease related to the expansion space is for a term of 5 years. The deferred lease inducements related to this space will be amortized over the term of the lease.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2009

2. Change in accounting policy:

(a) Amendments to Accounting Standards that Apply Only to Not-For-Profit Organizations:

Effective January 1, 2009, the Council adopted the Canadian Institute of Chartered Accountants' ("CICA") amendments to the 4400 Sections of the CICA Handbook. These amendments eliminate the requirement to show net assets invested in capital assets as a separate component of net assets, clarify the requirement for revenue and expenses to be presented on a gross basis when the not-for-profit organization is acting as principal and require a statement of cash flow. Adoption of these recommendations has restated the 2008 comparative figures and increased revenue and expenses by $186,629.

(b) Amendments to Section 1000 Financial Statement Concepts:

Effective January 1, 2009, the Council adopted the CICA amendments to section 1000 of the CICA Handbook. These amendments clarified the criteria for recognition of an asset or liability, removing the ability to recognize assets or liabilities solely on the basis of matching of revenue and expense items. Adoption of these recommendations had no significant impact on the financial statements for the year ended December 31, 2009.

3. Capital assets:

			2009	2008
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	$ 265,319	$ 158,128	$ 107,191	$ 65,327
Computer software	87,101	52,445	34,656	18,777
Furniture and fixtures	192,116	44,124	147,992	14,129
Office equipment	79,304	17,911	61,393	1,852
Leasehold improvements	468,125	74,835	393,290	35,171
	$ 1,091,965	$ 347,443	$ 744,522	$ 135,256

Financial Statements (cont'd)

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2009

4. Software under development:

In fiscal 2005 the Council commenced developing a new information system in order to handle the new requirements of the Motor Vehicle Dealers Act, 2002. At the end of December 2009, the amount expended on the project was $1,158,525. It is expected that the new information system will be operational in fiscal 2010.

5. Deferred revenue:

	2009	2008
Registration fees received in advance	$ 1,400,950	$ 1,682,688

6. Deferred lease inducement:

Deferred lease inducement represents the reimbursement by the lessor of certain expenditures for leasehold improvements made by the Council as inducements to enter into a long-term lease agreement. During the year, the Council received the benefit of $354,291 (2008 - nil) as an inducement under a new lease with its lessor. During fiscal 2009, $37,019 of this inducement has been amortized against rent expense.

7. Related party transactions:

The Council provides office space and administrative services to the Motor Vehicle Dealers' Compensation Fund (the "Fund"). The two organizations are related parties because the Council has representation on the Fund's Board of Trustees. Included in the Council's statement of operations are recoveries from the Fund of $193,736 (2008 - $176,234) relating to salaries and benefits and $10,395 (2008 - $10,395) relating to general and administrative expenses. At year end, $34,482 (2008 - $34,540) was receivable from the Fund. Amounts received from the Fund are determined on a cost recovery basis.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2009

8. Commitments:

The Council has commitments for its leased premises and equipment. The future minimum annual lease payments are as follows:

2010	$ 448,076
2011	442,819
2012	448,704
2013	451,647
2014	149,874
	$ 1,941,120

9. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

Financial Statements (cont'd)

MOTOR VEHICLE DEALERS COMPENSATION FUND

FINANCIAL STATEMENTS

OCTOBER 31, 2009

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MHC McGovern, Hurley, Cunningham, LLP
Chartered Accountants

AUDITORS' REPORT

To the Board of Trustees and Participants in the
Motor Vehicle Dealers Compensation Fund

We have audited the statements of financial position of the Motor Vehicle Dealers Compensation Fund as at October 31, 2009 and 2008 and the statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at October 31, 2009 and 2008 and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
January 11, 2010

2005 Sheppard Avenue East, Suite 300, Toronto, Ontario, Canada, M2J 5B4
Telephone: (416) 496-1234 – Fax: (416) 496-0125 – E-Mail: info@mhc-ca.com – Website: www.mhc-ca.com

Financial Statements (cont'd)

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENT OF FINANCIAL POSITION
AS AT OCTOBER 31, 2009

	2009 $	2008 $
ASSETS		
CURRENT		
Cash	17,859	80,496
Accrued interest receivable	39,646	51,482
Prepaid expenses	500	10,801
	58,005	142,779
INVESTMENTS, at fair market value	6,726,734	6,997,729
	6,784,739	7,140,508
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	71,823	59,380
Claims payable	29,982	108,479
	101,805	167,859
NET ASSETS		
Unrestricted net assets (Note 3)	6,682,934	6,972,649
	6,784,739	7,140,508

Contingent Liabilities (Note 4)

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES:

"ALAN SILVERSTEIN", Chair

"PETER EATSON", Vice Chair

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2009

	Unrestricted $	2009 $	2008 $
BALANCE, beginning of year	6,972,649	6,972,649	8,534,357
Excess of (expenses over revenues), for the year	(289,715)	(289,715)	(1,561,708)
BALANCE, end of year	6,682,734	6,682,734	6,972,649

Financial Statements (cont'd)

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 2009

	2009 $	2008 $
REVENUES		
Investment and other income	268,273	533,908
Participant fees	148,799	200,400
	417,072	734,308
EXPENSES		
Claims (net of recoveries of $12,293; 2008 - $3,443)	703,751	346,641
Salaries and benefits (Note 5)	191,381	181,255
Board	106,432	61,133
Investment management fees	36,045	38,924
Professional fees	25,018	8,269
Legal	19,492	169,176
Insurance	11,210	10,692
Occupancy (Note 5)	10,844	10,550
Trustee fees	9,699	11,252
Office and general	5,197	6,215
	1,119,069	844,107
EXCESS OF (EXPENSES OVER REVENUES) BEFORE THE UNDERNOTED, FOR THE YEAR	(701,997)	(109,799)
Change in fair value of investments	412,282	(1,451,909)
EXCESS OF (EXPENSES OVER REVENUES), FOR THE YEAR	(289,715)	(1,561,708)

1. PURPOSE OF THE ORGANIZATION

The Motor Vehicle Dealers Compensation Fund (the "Fund") was established July 1, 1986 under the Motor Vehicle Dealers Act (the "Act"). The Fund was established to stand in place of registered motor vehicle dealers (the "participants") where the participant has refused, failed or been unable to pay a claim registered against the participant. The claims are submitted by consumers and approved by the Board of Trustees (the "Board"). The Fund pays claims to consumers up to a maximum of $15,000 each.

The affairs of the Fund are overseen by the Board and the Fund is managed by a trust corporation appointed by the Board to act as the Trustee (the "Trustee").

In accordance with the Act, it is compulsory for motor vehicle dealers to pay an initial payment to the Fund in order to obtain registration in Ontario.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Fund are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year. Outlined below are those policies considered particularly significant.

Claims:
Claims are recognized in the accounts at the time of approval by the Board.

Revenue Recognition:
The Fund follows the deferral method of accounting for contributions. Restricted contributions, if any, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Continued...

Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Board to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those reported.

Financial Instruments:

The Fund follows the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, "Financial Instruments – Recognition and Measurement" to account for its financial assets, liabilities and equity instruments.

The Fund has designated its cash as held-for-trading and it is measured at fair value, with changes in fair value being recorded in operations. Accrued interest receivable and prepaid expenses are classified as receivables and are recorded at amortized cost. Investments are classified as held-for-trading financial instruments and are measured at their fair value. Accounts payable and accrued liabilities and claims payable are classified as other financial liabilities and are recorded at amortized cost.

Investments:

Investments consist of fixed income notes bearing interest at rates ranging from 2.75% to 11% with a total fair market value of $3,569,740, equities in various industries with a fair market value of $2,847,795 and short term notes with a fair market value of $309,199. The Fund has classified its investments as held-for-trading financial instruments and therefore they are measured at their fair value with changes in fair value recognized in excess of (expenses over revenues) revenues over expenses for the year.

Continued...

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Accounting Policies

In November 2008, the CICA issued amendments to Section 1540, Cash flow statement, Section 1751, Interim financial statements, Section 4400, Financial statement presentation by not-for-profit organizations, Section 4430, Capital assets held by not-for-profit organizations, Section 4460, Disclosure of related party transactions by not-for-profit organizations and issued Section 4470, Disclosure of allocated expenses by not-for-profit organizations. The new standards will be applicable to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. Accordingly, the Fund will adopt the new standards as at November 1,2009.

Sections 1540 and 1751 have been amended to include not-for-profit organizations within their scope. Section 4400 has been amended in order to eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted net assets when it chooses to do so. It also clarifies that revenues and expenses must be recognized and presented on a gross basis when a not-for profit organization is acting as a principal in transactions. Section 4430 has been amended to specify that smaller organizations that capitalize their capital assets shall capitalize all classes of capital assets, amortize and write down those assets in accordance with relevant Handbook Sections. Section 4460 has been amended to make the language in Section 4460 consistent with related party transactions, Section 3840. Section 4470 establishes disclosure standards for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate. The Fund is currently assessing the impact that the adoption of these new standards will have on its financial statements.

Continued...

Financial Statements (cont'd)

3. UNRESTRICTED NET ASSETS

The capital of the Fund is comprised of contributions by participants and income earned on investments. Where at any time the net assets of the Fund are less, or are anticipated to be less than $1,500,000 by reason of payments or proposed payments to claimants, the Trustee may require each participant to pay such additional amounts as is considered necessary to bring the net assets of the Fund up to at least $1,500,000.

4. CONTINGENT LIABILITIES

As at October 31, 2009, the Board had denied Nil (2008 – Nil) claims totaling $Nil (2008 - Nil), which were subject to appeal.

In addition, several motor vehicle dealers declared bankruptcy during the year. The Fund's liability, if any, cannot be reasonably estimated and no provision has been made in the financial statements.

5. RELATED PARTY TRANSACTIONS

The Fund shares office space and administrative services with the Ontario Motor Vehicle Industry Council (the "Council"). The two organizations are related parties because the Council has representation on the Fund's Board of Trustees. Included in the Fund's expenses are shared expenses with the Council of $191,381 (2008 - $181,255) relating to salaries and benefits and $10,844 (2008 - $10,550) relating to occupancy expenses. At October 31, 2009, $39,424 (2008 - $34,117) was payable to the Council. Amounts paid to the Council are determined on a cost recovery basis.

All transactions with related parties have occurred in the normal course of operations and were measured at the exchange amount, which was the amount of consideration established and agreed to by the related parties.

Continued...

6. DONATED PROPERTY AND SERVICES

During the year, donated services were provided. Because these services are not normally purchased by the Fund and because of the difficulty in determining their fair value, donated services are not recognized in these statements.

7. INCOME TAXES

The Fund is a trust within the meaning of Section 149(1)(w) of the Income Tax Act (Canada) and as such, is exempt from income taxes.

8. STATEMENT OF CASH FLOWS

A statement of cash flows has not been included as the required cash flow information is readily apparent from the other financial statements. Cash flow from operations approximates the excess of (expenses over revenues) before taking the change in fair value of investments into account. The change in fair value of investments of $412,282 (2008 –($1,451,909)) is a non-cash item and therefore does not impact the cash flows of the Fund. Acquisitions of equipment during the year amounted to $Nil (2008 - $Nil).

9. FINANCIAL INSTRUMENTS

Fair value of financial instruments
Canadian generally accepted accounting principles require that the Fund disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying value of cash, accrued interest receivable, accounts payable and accrued liabilities and claims payable approximate their fair value due to the relatively short periods to maturity of the financial instruments.

Capital management
The Fund manages its capital structure and makes adjustments to it, based on the funds available to the Fund, in order to stand in the place of participants where the participant has refused, failed or been unable to pay a claim registered against the participant. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Fund's management to sustain future development of the Fund.

Continued...

Financial Statements (cont'd)

9. FINANCIAL INSTRUMENTS (Continued)

Capital management (Continued)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size and purpose of the Fund, is reasonable.

There were no changes in the Fund's approach to capital management during the year ended October 31, 2009.

Financial Risk Factors
It is management's opinion that the Fund is not exposed to significant credit or liquidity risks arising from its financial instruments.

Market risk
Market risk is the risk of loss that may arise from changes in interest rates, foreign exchange rates and commodity and equity prices.

(i) Interest rate risk
The Fund has cash balances, investments and no interest-bearing debt. The Fund's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. The Fund periodically monitors the investments it makes and is satisfied with the creditworthiness of its financial institutions. As of October 31, 2009, the Fund had approximately $309,000 of investments in investment-grade short-term deposit certificates.

(ii) Foreign currency risk
The Fund's functional and reporting currency is the Canadian dollar and all purchases are transacted in Canadian dollars. As a result, the Fund's exposure to foreign currency risk is minimal.

(iii) Price risk
The Fund is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Fund's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Fund closely monitors commodity prices of individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Fund.

Continued...

9. FINANCIAL INSTRUMENTS (Continued)

Financial Risk Factors (Continued)

Sensitivity analysis
The Fund has, for accounting purposes, designated its cash as held for trading, which is measured at fair value. Investments are classified for accounting purpose as held-for-trading, which are measured at fair value. Accrued interest receivable and prepaid expenses are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair market value. Accounts payable and accrued liabilities and claims payable are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair market value.

As of October 31, 2009, the carrying and fair value amounts of the Fund's financial instruments are approximately equivalent.

Based on management's knowledge and experience of the financial markets, the Fund believes the following movements are "reasonably possible" over a twelve-month period:

(i)The Fund's investments are subject to fair value fluctuations. As at October 31, 2009, if the fair value of the investments had decreased/increased by 25% with all other variables held constant, excess of (expenses over revenues) for the year ended October 31, 2009 would have been approximately $1,681,000 higher/lower. Similarly, as at October 31, 2009, reported unrestricted net assets would have been approximately $1,681,000 lower/higher as a result of a 25% decrease/increase in the fair value of investments.

(ii)The Fund's investments are subject to exchange rate fluctuations. As at October 31, 2009, if the foreign exchange rate of the investments had decreased/increased by 10% with all other variables held constant, excess of (expenses over revenues) for the year ended October 31, 2009 would have been approximately $70,000 higher/lower. Similarly, as at October 31, 2009, reported unrestricted net assets would have been approximately $70,000 lower/higher as a result of a 10% decrease/increase in the fair value of investments.

2010 – 2012 Business Plan

OMVIC's Business Plan outlines its objectives for the next three years and highlights the strategies that will be used to achieve those targets.

CONSUMER PROTECTION

Strategy	2010-2012 Performance Measure
Implementation of strategic communications plan.	Build awareness of the right way to purchase a vehicle (Ontario-registered) and the reasons why. Build registered dealer participation in the decal program. Continue to build awareness of OMVIC as the regulator. Build extra awareness within vulnerable* communities. **Vulnerable due to cultural or financial factors.*
Complaint handling: provision of a no-cost service for consumers and dealers as an alternative to litigation whenever possible.	OMVIC anticipates handling approximately 1,100 complaints per year throughout the planning period.
Increase awareness of OMVIC through law enforcement agencies.	Continue to provide seminars for policing authorities.

DEALER PROFESSIONALISM

Strategy	2010-2012 Performance Measure
Facilitate regular enhanced communication between OMVIC and stakeholders.	Facilitate meetings for the Stakeholder Relations Committee that formed in 2008.
Registrar's actions: Institute effective registration and inspection processes that identify those dealers who should not be registered or who require close monitoring through terms and conditions of registration.	The volume of Registrar's actions is predicted to remain steady through the planning period at approximately 1,000 actions yearly. Continue to protect consumers and the integrity of the dealer community by identifying high-risk applicants during the registration process.

CUSTOMER SERVICE

Strategy	2010-2012 Performance Measure
Develop plan for business continuity.	Plan completed and approved.
Implement new *Motor Vehicle Dealers Act*.	Monitor service levels post-implementation and provide periodic reports to the Board.
Enhance customer service tools.	Introduce online services for partners and registrants. Review interactive voice response system and introduce efficiencies.
Consumer service surveys.	Develop and introduce updated consumer service survey.
Diversity.	Increase employee sensitivity to diversity and human rights issues. Implement corporate policies promoting cultural and gender diversity in the workplace.

NEW LEGISLATION

Strategy	2010-2012 Performance Measure
Implement new *Motor Vehicle Dealers Act*.	Adjust and fine-tune policies, procedures and forms to reflect new legislation. Continuously revise web content to reflect new legislation, policies and procedures. Continuously revise document illustrating new Code of Ethics regulation. Monitor and adjust discipline process, selection criteria, recruitment and training program for members of Discipline and Appeals Committees. Work with Compensation Fund Board of Trustees to: • Monitor and adjust new policies and procedures regarding warranties and service plans • Monitor and adjust forms, policies and procedures regarding claims adjudication and management Monitor performance and functionality of new data and document management system. Formalize process for prioritizing, approving and scheduling new releases.

2010 – 2012 Business Plan

NEW LEGISLATION (cont'd)

Strategy	2010-2012 Performance Measure
Review, identify and address new areas of risk in light of changing legislation.	Ensure investigation and prosecution intake procedures in place compliant with evolving case law. Continue business continuity project following MVDA implementation. Personal harm mitigation. Review insurance requirements. Publish policy on "public harm." Mitigate risk of lawsuits resulting from complaint-handling services.
Increase awareness of OMVIC and the new *Motor Vehicle Dealers Act.*	Work with Canadian Automotive Institute to develop proposal for specialized/dealer management course. Provide educational materials to registrants through multiple channels. Provide consumer awareness materials through multiple channels. Work closely with the Motor Vehicle Dealers Compensation Fund to develop compatible public education program.
Explore GST parity between private sales and dealer used car sales to help reduce curbsider advantage.	Seek support of other provincial dealer regulatory bodies.

BOARD GOVERNANCE/OPERATIONS

Strategy	2010-2012 Performance Measure
Develop best governance practices and education program for new and existing officers and directors.	Continue to identify and attend programs that will serve to enhance directors' understanding and practice of governance skills. Institute a Board evaluation program. Complete Committee work plans. Complete Board effectiveness survey. Review strategic plan.
Manage budget and cash flow appropriately.	Secretary Treasurer to provide Board with accurate and timely variance reports on revenues and expenditures. Board provided with material necessary to respond to in-year budget revisions, if required. Review five-year revenue projections and business processes; recommend potential revenue sources. Implement new revenue proposals. Put controls in place to ensure remittance of transaction fees meet stated level of certainty. Develop financial policies manual.
Encourage review and reform of OMVIC corporate structure by Ministry of Consumer Services.	Provide material in support of review/reform including legal case and model bylaws.
Succession plan for senior management positions.	Present draft succession plan to Board for approval.
Review, identify and address new areas of enterprise risk in light of changing legislation.	Conduct human rights audit and introduce training for all staff.
Collaborate with Ministry of Consumer Services on Todres Report.	Continue to work collaboratively with the Ministry and other delegated administrative authorities in adopting relevant recommendations of the independent consultant's report on administrative authorities (Todres Report).
Comply with labour mobility legislation.	Ensure policies, procedures, forms and website in compliance with labour mobility legislation.
"Open for Business."	Establish Regulatory Review Committee and develop regulatory plan.
Conservation.	Develop green workplace policy and communicate to staff.

Three-Year Financial Forecast

($ thousands)

Revenue	2010 Budget	2011 Plan	2012 Plan
Registration fees	$10,274	$10,175	$10,175
Transfer fees	270	270	270
Certification course fees	185	189	184
Interest and other	20	22	25
TOTAL REVENUE	**$10,749**	**$10,656**	**$10,654**
Expenses			
Salaries and benefits	$5,046	$5,311	$5,418
Professional services	928	746	800
Amortization of capital assets	827	870	865
Public awareness	700	800	800
Travel	633	677	707
Occupancy	457	462	467
General and administrative	437	447	463
Per-diem allowances	367	367	367
Industry awareness	290	240	220
Telecommunications	267	272	277
Government oversight fees	220	220	220
TOTAL EXPENSES	**$10,172**	**$10,412**	**$10,602**
EXCESS OF REVENUES OVER EXPENSES	**$577**	**$245**	**$52**

Organizational Structure

Board of Directors

The Board is made up of nine motor vehicle dealers drawn from all segments of the industry: large and small dealerships in both the new and used market. These industry representatives are joined by three members who are appointed by the Minister of Consumer Services. Dealer members are elected by dealers across the province.

An Executive Director is responsible for the day-to-day affairs of OMVIC and also performs the responsibilities of Registrar under the *Motor Vehicle Dealers Act.*

Meredith Morris, President and Chair of the Board

Sudbury Hyundai, Sudbury
Term expires May 2011

Meredith's automotive family background has enabled her to accumulate more than 18 years of experience in all aspects of the dealership and automotive industry. She is a graduate from the Automotive Marketing/Business Administration Program at Northwood University, Michigan. Ms. Morris is the President of C.J. Morris Investments Limited, which owns and operates Sudbury Hyundai and Sudbury Used Cars. Ms. Morris was elected to the OMVIC Board of Directors in May 2004 and is currently serving her second term as Chair/President. Ms. Morris is the Chair of the Hyundai Auto Canada National Dealer Advisory Council and the Chair of the Cambrian College Automotive Technology Program. Ms. Morris' past involvements include serving on the Board of Directors for the Sudbury Community Foundation, the Sudbury Chamber of Commerce and the Canadian Red Cross. She was also the President of the Sudbury Harley Owners Group, "Ladies of Harley" division.

Kevin Bavelaar, Vice President

Auto Showplace, North York
Term expires May 2010

Kevin Bavelaar started in the used car business in 1989 as a salesperson at a medium-sized independent car dealership. He was promoted to General Manager in 1990. In 1993, he started Auto Showplace and has been involved in all aspects of automotive remarketing. As owner of Auto Showplace, he is familiar with the challenges of running a medium-sized independent car dealership, including marketing, strategic planning, risk management and financial responsibility. He has been an OMVIC director from 1999 – 2004 and has chaired several committees, including Ethics and Discipline and Industry Professionalism. He is currently Vice-President of OMVIC and sits as a director representative on several committees.

Organizational Structure (cont'd)

Ron Marostica, Vice President

Marostica Motors Ltd., Thunder Bay
Term expires May 2011

Ron Marostica has been an automotive dealer for about 30 years. He currently operates a Hyundai, Subaru and Suzuki dealership in Thunder Bay. He also owns Thunder Bay Used Car Superstore Ltd. and Marostica Leasing, the leasing arm of his business.

Mr. Marostica presently sits on the Canadian Automobile Dealers Association Industrial Relations Committee, which addresses the issues of national dealer importance and administers the legal action defense fund. He was also a member of the Board of Trustees for the Motor Vehicle Dealers Compensation Fund for six years. During that period he served as the Secretary-Treasurer and Chair of the Fund.

Mr. Marostica has always been involved in community activities. He is a member of the Board of Governors of Lakehead University and serves as Chair of a number of its committees. He is also the Treasurer of Ambassadors Northwest, a business group that promotes economic development in northwestern Ontario.

Jeff Gray, Secretary-Treasurer

Consumer Representative
Term expires January 2011

Jeff Gray has been practicing civil litigation, as a sole practitioner, for more than 27 years. His practice is consumer-oriented and focuses principally on automotive-related issues such as product liability, insurance issues and motor vehicle accidents. His practice also involves contractual disputes, including agreements of purchase and sale for both new and used vehicles; lease matters; repair agreements and defective vehicles; and warranty issues with vehicle manufacturers.

In addition to authoring *Used Car Buying Strategies* (a consumer's guide to purchasing used vehicles), Mr. Gray has taught non-diploma/general interest auto mechanics courses in Montreal and Toronto.

Mr. Gray donates his time to the community by coaching hockey. Mr. Gray chairs OMVIC's Consumer Protection Advisory Committee and the Audit, Finance and Risk Committee. He is currently completing his third term on the Board.

Nazreen Ali

Consumer Representative
Term expires May 2012

Ms. Ali earned an MBA from Queens University and has senior-level experience in the financial services and international trade. Ms. Ali is an executive with BrightStar Corporation and its sister firm, P&B Marketing. Both companies are involved with real estate development, marketing and financing. Previously, Ms. Ali served in business development capacity at Trimark Investment Management (International) and Canadian Soccer Association with overall responsiblility for the financial administration of the association. Ms. Ali also assisted a number of Canadian firms in developing socially responsible initiatives. She also led the development of the first-ever successful Canadian Businesswomen Trade Mission to the UAE, Egypt and Jordan, led by the Ontario Minister of Small Business and Entrepreneurship.

Ms. Ali has served on many boards, such as the United Way of Ottawa, and has been honored by business and community groups.

Denis Ayotte

Gus Brown Pontiac Buick GMC Ltd., Whitby
Gus Brown Pontiac Buick GMC Ltd., Port Perry
Term expires May 2012

Denis Ayotte is a partner and vice president of Gus Brown Pontiac Buick GMC Ltd. in Whitby and in Port Perry, Ontario. Mr. Ayotte graduated with a Bachelor of Science degree from Trent University with a joint major in Computer Studies and Psychology. He has worked in the Information Technology field for more than 20 years as department manager, project manager and program manager leading major implementations across Canada, the United States and parts of Europe.

Mr. Ayotte moved to the automotive industry in 2003 and became a partner of the Gus Brown Group in 2006. He is a hands-on operator leading the top General Motors New Vehicle Retail Sales Operation for the past six years. Mr. Ayotte and his partner Gus Brown recently purchased the Pontiac Buick GMC Dealership in Port Perry, Ontario. Mr. Ayotte is a Director for the Central Ontario Dealers Association (CODA) and also sits on the Board of Directors for the Durham Regional Crime Stoppers. He is also a member of the Customer Advisory Board for Reynolds and Reynolds Software Company.

Mr. Ayotte and Gus Brown are active members in their community and are involved in all areas of the community including sports, arts, entertainment and the Chamber of Commerce. He is also co-chair of the Annual Gus Brown Golf Classic raising over $500,000 for the R.S. McLaughlin Durham Regional Cancer Center. The Gus Brown group of dealerships supports numerous charities including the United Way, the Abilities Centre and many other charities in and around the Durham region.

Peter Eatson

Peterborough Volkswagen, Peterborough
Term expires May 2010

Peter Eatson has worked in the automotive industry for more than 40 years. He started in the automotive industry in 1960 and opened his own dealership, Peterborough Volkswagen, in 1969.

He is the past President of the Ontario Automobile Association, and past President of the Ontario Automobile Dealer Association. He is also past Chairman of the Volkswagen National Dealer Council. An active member of the Peterborough community, he is a past Trustee and Chair of Finance of St. Joseph's Hospital and past President and member of the Rotary Club of Peterborough.

Mr. Eatson is also a past President and Chairman of the OMVIC Board of Directors.

Ken Peterson

Ken Peterson Sales and Leasing, Thunder Bay
Term expires May 2011

Mr. Peterson has more than 30 years of experience in the automotive business, including a decade as General Manager of a franchise dealership. For the past 14 years he has operated Ken Peterson Sales and Leasing of Thunder Bay.

Mr. Peterson ran in the Thunder Bay municipal election and was elected to the Thunder Bay Hydro Commission, where he served two terms and was Chair for three years. He was also Director and Treasurer of Northwest Energy and Director and Vice-Chair of the Municipal Electric Association of Ontario.

Mr. Peterson was elected to OMVIC's Board of Directors in June 2001 for a three-year term. He served as OMVIC's President and Chairman in 2003 and 2005 and has sat on several other committees.

Cliff Pilon

Gold Fleet Subaru/Suzuki, North Bay
Term expires May 2012

Mr. Pilon entered the automotive industry in 1981. Since 1987, he has been the Dealer Principal of Gold Fleet Suburu/Suzuki in North Bay. His strong automotive, mechanical, sales, financial and interpersonal skills make him a valuable asset to the OMVIC Board of Directors. Mr. Pilon chairs OMVIC's Communications Committee.

Matt Rispin

North Toronto Auction, Innisfil
Term expires May 2012

Matt Rispin graduated from the University of Toronto in 1998 and has been in the automotive auction business for the past 12 years. He has worked in all facets of the auction business, holding such titles as Arbitration Manager, Operations Manager, and Sales and Marketing Manager. In 2003, Mr. Rispin and his partners opened North Toronto Auction in Innisfil and have succeeded in developing it into the largest independent auction in Canada. Mr. Rispin serves as General Manager/Owner of North Toronto Auction, overseeing all aspects of remarketing for fleets and dealers in both the dealer and public auctions.

Mr. Rispin was elected to the Ontario Motor Vehicle Industry Council (OMVIC) Board of Directors in May 2006 and is currently enjoying his second term on the Board. His experience offers the OMVIC Board a unique perspective compared to that of a traditional automotive dealership. Mr. Rispin looks forward to continuing his tenure on the OMVIC Board, working to strengthen the relationships between auctions and automotive dealers and consumers.

John Slaughter

Hyundai, Pembroke
Term expires May 2010

John Slaughter graduated from McMaster University with a B.A. and a B.Ed., holding various positions in education and administration before becoming a partner in a Chrysler franchise in the early 1990s. He participated on the Chrysler Ontario DAA for eight years.

The Ottawa Valley is now home for Mr. Slaughter and his wife Janet, who own a Hyundai store in Pembroke.

After three years on the OMVIC team, Mr. Slaughter chairs the stakeholder group and has worked on both the Governance and Nominating Committees.

Organizational Structure (cont'd)

Senior Management

Carl Compton
Executive Director and Registrar

Mary Jane South
Director of Operations and Deputy Registrar

Michael Rothe
Director, Legal Services

Chandar Singh
Director, Corporate Services

Laura Halbert
Director, Compliance

Carey Smith
Director, Investigations

Contacting OMVIC

Registration Services:
Email: registration@omvic.on.ca
Phone: 416-226-4500, ext. 5104

Registration kits can be downloaded from www.omvic.on.ca

Consumer Inquiries, Complaint Handling:
Email: consumers@omvic.on.ca
Phone: 416-226-4500 ext. 5105

Complaints can also be submitted online at www.omvic.on.ca

Reporting Curbsider Activity:
Email: nocurbs@omvic.on.ca
Phone: 1-888-NOCURBS

Motor Vehicle Dealers Compensation Fund:
Email: compfund@omvic.on.ca
Phone: 416-512-3177

Communications and Media Relations:
Brenda McIntyre
Email: brenda.mcintyre@omvic.on.ca
Phone: 416-512-3167

Privacy Officer:
Michael Rothe
Email: privacy@omvic.on.ca
Phone: 416-512-3165

OMVIC's Privacy Policy is available at www.omvic.on.ca

Address:
Ontario Motor Vehicle Industry Council
789 Don Mills Road, Ste. 800, Toronto, Ontario M3C 1T5

Phone:	416-226-4500
Facsimile:	416-226-3208
Toll Free:	1-800-943-6002
Website:	www.omvic.on.ca www.BuyWithConfidence.ca
Email:	omvic@omvic.on.ca

Appendix A

The Board's Role

1. Work with the Executive Director in providing overall business direction through strategic planning, determining priorities and setting policy guidelines.
2. Ensure financial and functional viability of OMVIC by exercising fiscal oversight and determining fee-setting policies.
3. Ensure that OMVIC's operational and financial controls are operating properly.
4. Work with the Executive Director to ensure OMVIC has the necessary resources, competence, tools and organization to effectively fulfill its mandate.
5. Communicate and market the benefits OMVIC offers to consumers, registrants and government.

Composition

The OMVIC Board of Directors is currently composed of 12 individuals as follows:

- Two directors who are members of the Used Car Dealers Association
- Two directors who are members of either the Toronto or Ontario Automobile Dealers Association
- Three directors who are members of both the Used Car Dealers Association and the Toronto or Ontario Automobile Dealers Association
- One dealer who is not a franchised dealer and who may or may not be currently a member of the Used Car Dealers Association
- One franchised dealer who may or may not currently be a member of either the Ontario Automobile Dealers Association or the Toronto Automobile Dealers Association
- Three directors who are appointed by the Minister of Consumer Services

The term of office for a Board member is three years from the date of the Annual and General Meeting at which the member is elected. Although not a requirement, Board members are encouraged to complete OMVIC's certification course.

Board Requirements and Selection Criteria

In order to qualify as a candidate for election to the OMVIC Board of Directors, a nominee must meet specific criteria:

1. Be registered as a motor vehicle dealer, in good standing, under the *Motor Vehicle Dealers Act*, and:
   a. Whose registration is not currently subject to terms and conditions imposed by the Licence Appeal Tribunal
   b. Not currently the subject of a proposal of the Registrar
   c. Have been registered under the MVDA for at least the two-year period prior to the date of the nomination
2. Be a person of good character, honesty, integrity and financial responsibility
3. Agree to completion of any reasonable background checks and inquiries that may be required at the sole discretion of the Nominating Committee in its determination of the nominee's honesty, integrity, financial responsibility and suitability to be a director, including, but not limited to, OMVIC inspection findings, complaint history, and a Canada-wide criminal record check
4. Agree to permit the Registrar to share with the members of the Nominations Committee the results of the background checks referred to above
5. Commit to attending 75% of scheduled meetings of the Board of Directors in each year, and commit to active participation on Committees
6. Commit to reviewing relevant materials prior to Board and Committee meetings
7. Commit to the objects and purposes of OMVIC as listed in its Letters Patent
8. Be an Ontario resident
9. Be at least 18 years of age
10. Not be an undischarged bankrupt

Appendix A (cont'd)

11. Be supported by two other registrants in good standing who have endorsed the nominating form by affixing their signatures where noted
12. Satisfy such other qualifications or criteria that are established by the Nominations Committee from time to time, including the endorsement of nominees by the appropriate trade association (i.e., UCDA, OADA/TADA, UCDA – OADA/TADA) and the desirability of maintaining regional representation
13. Sign agreements relating to confidentiality, conduct and conflict of interest

Responsibilities of a Director of OMVIC

- Remain well informed about the work of the Council and its stated objectives.
- Understand the role of the Council, its goals and its services.
- Be thoughtful and objective in all deliberations.
- Make decisions in consideration of the Council and its stated objectives.
- Place regulation of the motor vehicle industry and protection of the public above any special interest, geographic or personal constituency.
- Attend and participate in, at minimum, 75% of the Board meetings, Committee meetings and subcommittees (if applicable). Failure to consistently attend meetings will result in a request for resignation.
- Complete tasks and projects assigned and accepted.
- Be prepared to accept at least one Board Committee assignment and actively participate in the Committee meetings.
- Inform the Board of the needs and concerns of stakeholders.
- Self-evaluate performance as a director each year.
- Understand that the Board's role is to set policy. Recognize the role of the Registrar/CEO and OMVIC staff and refrain from involvement in administrative decision-making or program implementation.

Board members agree not to:

- Authorize the use of, or use for the benefit or advantage of, any person, the name, emblem, endorsement, services or property of the Council except in conformance with Council policy
- Accept, or seek on behalf of another individual, any financial advantage or gain of other than nominal value offered as a result of Council affiliation
- Utilize any Council affiliation in connection with the promotion of partisan politics, religious matters or positions on any issue not in conformity with the position of the Council
- Disclose any information available because of Board membership to any person not authorized by law or the bylaws of the Council to receive such information
- Knowingly take any action or make any statement intended to influence the conduct of the Council in such a way as to confer any financial benefit or any corporation or entity in which there is a significant interest or affiliation
- Operate in any manner that is contrary to the best interests of the Council or the motor vehicle industry or the public
- Make public statements about the Council and its policies, the Board or other Board members or about Council or Board administrative matters, without the express authorization of the Council

Board members understand and agree to support the following major functions of the Board:

- Maintain and perpetuate the Council as a viable, relevant, effective and legal entity by working with other directors in overseeing and reviewing the conduct and operation of the Council
- Act as a trustee of stakeholder interests and recognize fiduciary duty to OMVIC
- Review and approve plans and financial objectives for the Council's future role and scope of activities

- Ensure the integrity of internal control and of management and financial systems
- Measure progress towards stated goals (consumer protection and education, industry regulation and customer service) and control resource allocation
- Assess the performance and results of management and the Council, including the Board of Directors
- Exercise due diligence
- Along with other directors, act as steward of the Council's assets

Board Skills and Experience

The Ontario Motor Vehicle Industry Council (OMVIC) has a mandate to protect and serve the public interest. OMVIC's Board of Directors must therefore comprise a range of members whose collective experience and skills are best suited to accomplish this mandate. Each member of the Board brings unique skills and experience to the task. This document sets out some of these skills and experiences and serves as a guide to OMVIC in developing its Board nomination and election process. Through the establishment of formal Selection Criteria and Board Member Skills Profile, the Nominating Committee attempts to ensure that OMVIC's Board of Directors are respected members of the community with a high level of integrity, and who collectively possess a mix of skills and experience that add strategic value to OMVIC.

Board members should:

- Demonstrate a positive attitude towards the public interest
- Actively participate when they have something to offer
- Listen to other points of view and support consensus-building
- Promote consumer protection and industry professionalism
- Possess diverse perspectives, including that of business, government and consumers
- Be strategic thinkers
- Understand the governance role of a Board member, its responsibilities and its limitations
- Demonstrate a willingness to actively support OMVIC's mandate and vision
- Be sensitive to the economic and ethnic diversity of the retail automotive sector

The Board will seek to achieve diversity in its membership.

Individual Knowledge and Experience

To enable it to provide strategic direction and fulfill its oversight responsibilities, the Board should include members with some of the following skills, knowledge and experience:

- Knowledge of retail automotive sector: new, used, leasing
- Membership on boards, including not-for-profit boards
- Public policy and regulatory environments especially pertaining to consumer law
- Customer service delivery
- Financial literacy
- Marketing, public relations and communications
- Executive management and compensation
- Technical training and public education
- Risk management and analysis
- Strategic planning

The Nominating Committee reviews and updates this profile periodically to ensure that it reflects the current needs of the Board consistent with the achievement of OMVIC's mandate and vision.

Ontario Motor Vehicle Industry Council

Conseil ontarien du commerce des véhicules automobiles

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